

VZCZCXRO6526

PP RUEHAG RUEHAST RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA RUEHLN
RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHSQ #0453/01 1961541
ZNR UUUUU ZZH
P 141541Z JUL 08
FM AMEMBASSY SKOPJE
TO RUEHC/SECSTATE WASHDC PRIORITY 7518
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE 0363
RUEAIIA/CIA WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUESEN/SKOPJE BETA
RUEHSQ/USDAO SKOPJE MK
RUEHNO/USMISSION USNATO 3763
RUEHVEN/USMISSION USOSCE 2104
RHEHNSC/WHITE HOUSE NATIONAL SECURITY COUNCIL

UNCLAS SECTION 01 OF 02 SKOPJE 000453

SIPDIS

STATE FOR EUR/SCE

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [PINR](#) [MK](#)

SUBJECT: MACEDONIA: PM GRUEVSKI SUBMITS NEW GOVERNMENT
PROGRAM AND LINEUP

SUMMARY

1. (SBU) PM Gruevski's new government program, submitted to parliament on July 12, is heavy on economic goals but also includes a commitment to Euro-Atlantic integration, resolving the name dispute with Greece, combating crime and corruption, improving inter-ethnic relations (including Framework Agreement implementation), and providing quality education. Gruevski's new cabinet lineup includes mostly old faces, with the interior, foreign affairs, justice and finance portfolios remaining unchanged. New coalition partner DUI picks up several key ministries, including health, self-government, and labor, as well as the deputy PM for Framework Agreement implementation. Gruevski will have to ensure that, in implementing the new governing platform, expected to be approved in parliament by July 26, the government does not neglect the political issues necessary to provide a solid foundation for sustained internal stability and economic growth. End summary.

GOVERNMENT PROGRAM: FOCUS ON ECONOMIC GROWTH...

2. (U) PM Gruevski submitted the new governing coalition (VMRO-DUI-PEI) program for 2008-2012, and the list of proposed cabinet ministers, to the parliament on July 12. Like the previous government platform, the five key strategic goals of the new program focus heavily on enhancing economic growth and development. Individual goals include 6% annual GDP growth, an increase in domestic and foreign investment, lower unemployment, improved infrastructure, and development of agriculture.

...NATO/EU MEMBERSHIP, NAME ISSUE, CRIME & CORRUPTION,
INTER-ETHNIC RELATIONS, EDUCATION

3. (U) The platform's five strategic goals include NATO and EU membership, as well as resolution of the name issue with Greece in a manner that "does not endanger national identity." The program describes steps to more effectively combat crime and corruption, to enhance inter-ethnic relations (including full implementation of the 2001 Ohrid Framework Agreement), and to boost investment in education. The parliament is expected to vote on and approve (given Gruevski's 82-seat majority) the new coalition program and list of ministers not later than July 26.

OTHER GOALS

14. (U) In addition to the program's strategic goals, the document includes such objectives as worldwide promotion of the "Macedonian language, culture and identity;" ensuring an independent judiciary and robust rule of law; working toward a healthier nation in which there is respect for family and traditional values; and steps to enhance the efficiency and transparency of central and local government. The government wants wages to increase by 10% by October of this year, and by another 10% by October 2009. Pensions are expected to increase by nearly 30%, compared to rates in effect in December 2007.

MINISTERIAL LINEUP: MOSTLY OLD FACES...

15. (SBU) The "new" cabinet lineup is mostly familiar, with the ministers of interior, foreign affairs, justice, finance, agriculture, and transportation remaining unchanged. DUI received the ministries of health, economy, labor and social affairs, local self-government, and environment, in addition to the deputy PM for Framework Agreement implementation (to be headed by DUI President Ali Ahmeti's Chief of Staff, Abdulakim Ademi). The PM's Chief of Staff, Martin Protoger, told us July 13 that the coalition talks on the new lineup went smoothly, with DUI demonstrating constructive political flexibility.

...SOME SURPRISES

SKOPJE 00000453 002 OF 002

16. (SBU) In a surprise move, VMRO appointed former Local Self-Government Minister Zoran Konjanovski as Minister of Defense. Konjanovski, widely praised as an able administrator and competent technocrat, nevertheless will be hampered by his lack of English-language capability and dearth of military affairs experience. According to the PM Chief of Staff Protoger, DUI showed no interest in MOD portfolios for its cadre. Another surprise appointment was that of GOM Spokesman Ivica Bocevski as Deputy Minister for Euro-Integration. Bocevski, a political crossover from opposition SDSM ranks, is a former Ron Brown scholar, chief of staff for the deputy PM for economic affairs, founder of the MFA's foreign policy journal, and a co-drafter of Macedonia's lustration law.

COMMENT

17. (U) The heavy emphasis on economic issues in the platform is a carryover from Gruevski's first term in office, signaling his determination to stake his political reputation on an economic upturn that will slash high unemployment and raise living standards dramatically. At the same time, the substantial wage and pension increases in the package are likely to add to existing inflationary pressures, jeopardizing the stable macroeconomic climate that has helped make Macedonia a more attractive business and investment destination. In addition, Gruevski will have to ensure that the focus on economic growth does not deflect efforts to resolve the political issues (inter-ethnic relations, rule of law, working with the opposition) that can provide a solid foundation for sustained internal stability and economic growth.

Milovanovic